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February 6, 2018

VIA FEDERAL EXPRESS

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson, Second Floor
Springfield, IL 62761

**RE: Project No. 17-057
Exemption E-048-17**

Dear Ms. Avery:

RECEIVED

FEB 07 2018

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Please be advised this office represents Valley Medical Building Corporation, an Illinois Corporation ("VMBC"). VMBC is the landlord for the properties located at 2210 Dean Street and 2340 Dean Street, St. Charles, IL. Valley Ambulatory Surgery Center ("VASC") is the tenant in both buildings and with VASC's Postsurgical Recovery Care Center, Valley Medical Inn, occupying 2340 Dean Street. A copy of the lease was attached to the Exemption Application, E-048-17, as Attachment 2.

As provided in the lease, VMBC, as landlord, is responsible for keeping the roof, foundation, glass, and all structural portions and elements in good repair and condition, and the tenant, VASC, is responsible to maintain, repair and replace those portions of the facility which are not the responsibility of the landlord. Many of the listed repairs cited in the Application are in the nature of the responsibility of the tenant.

Furthermore, VMBC believes it would be less expensive for VASC to attend to the necessary tenant repairs/upgrades rather than to build a new facility. In the CON Application, Attachment 13 (page 069), VASC estimated the cost for making the needed repairs to be between \$5,000,000 and \$7,000,000, but included no support for that figure.

VMBC retained the services of DLA Architects, Ltd. ("DLA") to review the issues claimed in the Application and to determine an estimate of their costs. DLA is familiar with both buildings as it completed a property inspection report in November of 2016 and was involved in the addition of an operating room in 1995, the construction of Valley Medical Inn in 1996 and the addition of OR #7 in 2003.

Ms. Courtney Avery

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Attached to this letter is an estimate of the Renovation/Maintenance Costs to remedy the majority of those items as needing to be repaired or upgraded. The DLA estimate came in at \$3,712,555. The estimate was prepared to take into account the facility as being occupied and that the work would need to be scheduled during unoccupied hours to the extent possible.

As the roof is the landlord's responsibility, approximately \$380,000 would be paid by the landlord. This lowers the tenant's share to approximately \$3,332,555.

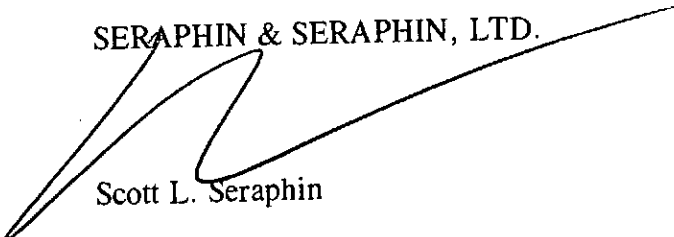
Per the CON Application, Attachment 13 (page 069) the estimated cost to establish a new facility is \$16,618,319. Clearly it is much less expensive to make repairs/upgrades to the existing facility than to build a new one.

Finally, VMBC is greatly concerned that if the CON Application is approved, Valley Medical Inn, which is a postsurgical recovery care center, will be closed and the community will suffer with the loss of its services.

I have enclosed a copy of this letter and a stamped, self-addressed envelope. Please provide my office with a stamped receipt copy for my records. If you have any questions concerning the contents of this letter, please do not hesitate to contact me.

Sincerely,

SERAPHIN & SERAPHIN, LTD.



Scott L. Seraphin

SLS/

Enclosure

cc: Valley Medical Building Corporation



**Valley Abulatory Surgery Center
Renovation/Maintenance Cost Estimate**

January 31, 2018

Description		Estimated Cost
Renovation Items		
Waiting Room Toilet		\$14,000
Post-Op Lounge Toilet near Nurse's Station		\$9,000
Post-Op Lounge Toilet near West Exit		\$9,000
Create Handicap Accessible Pre-Op Station w/ Accessible Toilet		\$35,200
Renovate the Locker Rooms		\$168,000
Elevator to Mezzanine		\$375,000
Maintenance Items		
Repair/patch existing stucco finish and wood trim		\$25,000
Replace Roof Shingles		\$136,000
Replace Flat Roof Areas		\$175,000
Sprinkler System Replacement		\$336,000
Domestic Plumbing Piping Replacement		\$162,000
Boiler Replacement		\$185,000
Rooftop Mechanical Unit Replacement		\$195,000
Air Handler Replacement		\$325,000
Ductwork Replacement		\$132,000
Temperature Controls Replacement		\$200,000
Emergency Generator Replacement		\$205,000
Fire Alarm System Replacement		\$215,000
Lighting System Replacement		\$120,000
Electrical Distribution Replacement		\$45,000
Sub Total Building Costs		\$3,066,200
Contractor Costs		
Construction Contingency 8.00%		\$245,296
Contractor Overhead and Profit 5.00%		\$153,310
Contractor General Conditions 8.00%		\$245,296
Contractor Insurance and Bonds 1.00%		\$2,453
Sub Total Contractor Costs		\$646,355
Construction Total		\$3,712,555



Renovation Items

Handicap Accessible Upgrades

Waiting Room Toilet:

Move rough-in of toilet to 18" inches off sidewall, remove existing fin tube radiation that impedes with ADA clearances and install new radiant panel heat in ceiling, install new plumbing fixtures, install new ADA complying grab bars, install new flooring and re-paint walls/ceiling.

Estimated Cost: \$14,000

Post Op Lounge Toilet near Nurse's Station:

Remove existing fin tube radiation that impedes with ADA clearances and install new radiant panel heat in ceiling, install new ADA complying grab bars, re-paint walls/ceiling.

Estimated Cost: \$9,000

Post Op Lounge Toilet near West Exit:

Remove existing fin tube radiation that impedes with ADA clearances and install new radiant panel heat in ceiling, install new ADA complying grab bars, re-paint walls/ceiling.

Estimated Cost: \$9,000

Create a handicap accessible Pre-Op Station with accessible toilet:

Renovate two of the existing pre-op stations into one accessible station with toilet.

Estimated Cost: \$35,200

Renovate the locker rooms to make them accessible and to provide direct access into the sterile area:

Completely renovate the existing locker rooms, washroom and shower to be ADA compliant and provide direct access to the sterile corridor.

Estimated Cost: \$168,000

As an alternate to the design, provide an elevator to the second floor mezzanine within the space being renovated for the locker rooms.

Estimated Cost: \$375,000

Maintenance Items

Exterior repairs to Stucco and Wood Trim

Repairs to existing stucco and wood trim.

Estimated Cost: \$25,000

New Roofing

Remove existing shingles and install new Shingle Roof:

Estimated Cost: \$136,000

New flat roof areas:

Estimated Cost: \$175,000

Sprinkler System

Existing dry pipe sprinkler system is corroded and experiencing leaking due to age and condensation within piping system. Replace entire facility sprinkler piping system in sections and during unoccupied times.

Estimated Cost: \$336,000

Domestic Plumbing Piping

Existing domestic water piping system is corroded and experiencing leaking at fittings and elbows. Replace entire domestic water piping system in sections and during unoccupied times.

Estimated Cost: \$162,000

Replace Existing Boilers

Existing hot water boiler systems including boilers, pumps and piping to heating equipment is beyond its useful service life and is experiencing leaking and other signs of deterioration. Replace equipment, piping and fittings during operational shut down.

Estimated cost: \$185,000

Rooftop Mechanical Unit

Existing rooftop unit on roof of two story section is beyond its useful service life and is indicating signs of potential failures. Replace equipment and related devices. Schedule replacement during extended shut down periods. There are two rooftop units; one was recently replaced in 2016.

Estimated cost: \$195,000

Air Handler Replacement

Existing grade mounted exterior air handling unit is approaching its useful service life. Replace unit, related VAV boxes during extended shut down periods.

Estimated cost: \$325,000

Ductwork Replacement

Existing supply diffusers and ductwork have rust and corrosion related indications. Replace diffusers and sections of affected ductwork during unoccupied hours.

Estimated cost: \$132,000

New Temperature Controls

Existing temperature control system is pneumatic. System does not allow for accurate temperature adjustment, remote monitoring or alarm indications. Replace with a direct digital control system. System can be implemented and phased in as work progresses throughout the facility.

Estimated cost: \$200,000

Emergency Generator

Emergency generator is approaching the end of its useful service life and is critical to the facility operation. Replace generator during extended shut down periods.

Estimated cost: \$205,000

Fire Alarm System

Existing fire alarm system is beyond its useful service life and does not possess features required to meet current standards. Replace system in parallel with operational system and switchover following completion of new installation. Work can be accomplished during unoccupied hours.

Estimated cost: \$215,000

Lighting Systems

Existing lighting does not meet current standards. Replace all emergency, exit and general lighting throughout the facility. Work can be accomplished during unoccupied hours.

Estimated cost: \$120,000

Electrical Distribution

Existing electrical panels and devices are worn and various devices are damaged. Replace damaged devices, upgrade panels and breakers. Work can be accomplished during unoccupied hours.

Estimated cost: \$45,000

Note: Costs have taken into account that the facility is occupied and work needs to be scheduled during unoccupied hours to the extent possible. Projects that cannot be accomplished during these periods will require areas of the facility to be staged to allow work and then scheduled carefully to reduce operational inefficiencies.